

Consolidated Financial Results for the Third Quarter Ended December 31, 2011

February 1, 2012

SHARP CORPORATION

Stock exchange listings: Tokyo, Osaka, Nagoya, Sapporo, Fukuoka
 Code number: 6753
 URL: <http://www.sharp.co.jp/>
 Representative: Mikio Katayama, President
 Contact person: Katsuaki Nomura, Director and Executive Managing Officer
 General Manager, Corporate Strategy
 Group General Manager, Corporate Accounting and Control Group
 Tel. +81 6 6621 1221

Scheduled dividend payment date: -
 Supplementary material: Yes
 Financial results meeting: Yes (targeted at institutional investors and analysts)

(Monetary amounts are rounded to the nearest million yen.)

1. Results for the Nine Months Ended December 31, 2011

(1) Financial Results

(The percentage figures represent the percentage of increase or decrease against the same period of the previous year.) Millions of Yen

	Net Sales	Percent Change	Operating Income	Percent Change	Net Income (Loss)	Percent Change
Nine Months Ended December 31, 2011	1,903,677	-18.3%	9,137	-86.3%	(213,501)	-
Nine Months Ended December 31, 2010	2,329,401	+15.1%	66,510	+194.4%	21,827	-

[Reference] Comprehensive income: December 31, 2011 ; (234,452) million yen — %
 December 31, 2010 ; (4,036) million yen — %

	Net Income (Loss) per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Nine Months Ended December 31, 2011	(194.03)	-
Nine Months Ended December 31, 2010	19.84	18.52

(2) Financial Position

Millions of Yen

	Total Assets	Net Assets	Equity Ratio
As of December 31, 2011	2,670,842	795,665	29.1%
As of March 31, 2011	2,885,678	1,048,645	35.6%

[Reference] Equity : December 31, 2011 ; 777,224 million yen
 March 31, 2011 ; 1,026,033 million yen

2. Dividends

	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2011	-	10.00	-	7.00	17.00
Year Ending March 31, 2012	-	5.00	-		
Year Ending March 31, 2012 (Forecast)				5.00	10.00

Note: Revisions to forecast of dividends in this quarter; Yes

3. Forecast of Financial Results for the Year Ending March 31, 2012

(The percentage figures represent the percentage of increase or decrease against the previous year.)

Millions of Yen

	Net Sales	Percent Change	Operating Income	Percent Change	Net Income (Loss)	Percent Change	Net Income (Loss) per Share (Yen)
Year Ending March 31, 2012	2,550,000	-15.6%	0	-100.0%	(290,000)	-	(263.56)

Note: Revisions to forecast of financial results in this quarter; Yes

4. Other Information

(1) Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation): None

(2) Adoption of special accounting methods for preparation of quarterly financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatement

1. Changes in accounting policies arising from revision of accounting standards: None

2. Changes arising from other factors: None

3. Changes in accounting estimates: None

4. Restatement: None

(4) Number of shares outstanding (ordinary shares)

1. Number of shares outstanding (including treasury stock) as of December 31, 2011 ; 1,110,699,887 shares
as of March 31, 2011 ; 1,110,699,887 shares

2. Number of shares of treasury stock as of December 31, 2011 ; 10,369,093 shares
as of March 31, 2011 ; 10,353,023 shares

3. Average number of shares outstanding during the nine months ended December 31, 2011 ; 1,100,338,532 shares
during the nine months ended December 31, 2010 ; 1,100,392,827 shares

Notes:

1. This financial release is not subject to audit procedures based on the Financial Instruments and Exchange Law in Japan. At the time of disclosure, audit procedures of financial statements based on the Financial Instruments and Exchange Law have not been completed.
2. This financial release contains certain statements about the future, which are based on information available and deemed reasonable to the Sharp Group at the time of announcement and actual operating results may differ materially from the forecast due to various factors. For the assumptions and other related matters concerning financial results forecast, please refer to "(3) Qualitative Information Regarding Forecast of Consolidated Financial Results" of "1. Qualitative Information Regarding the Third Quarter Financial Results" on page 4.
3. Sharp will hold a financial results meeting on February 1, 2012. Financial materials distributed at the meeting will be posted on its website immediately after the meeting.
4. The accompanying consolidated financial statements are a translation of the consolidated financial statements of the Sharp Group, which were prepared in accordance with accounting principles and practices generally accepted in Japan. In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically, in order to present them in a form which is more familiar to readers outside Japan.

1. Qualitative Information Regarding the Third Quarter Financial Results

(1) Qualitative Information Regarding Consolidated Financial Results

During the nine months ended December 31, 2011, the Japanese economy showed signs of a partial recovery with the demand for reconstruction after the Great East Japan Earthquake. However, overall conditions remained extremely severe, due mainly to a downturn in production associated with supply-chain disruption and a parts bottleneck, caused by floods in Thailand, and a historic appreciation of the yen. Overseas, the economy also remained deeply uncertain. This was due mainly to the European debt problem's spreading both within and beyond the region, a downturn in the U.S. economy, and a slowdown in the growth of China and emerging countries.

Under these circumstances, the Sharp Group took steps to create one-of-a-kind products and devices centered on its unique technology. At the same time, we proceeded with local production for local consumption, in which we engage in activities ranging from component procurement to manufacture and sales of products in the consumption area, in order to enhance international competitiveness. We also worked to reinforce our business foundations with all-out efforts in the reform of our LCD and solar cell business structure, and company-wide cost reductions.

Consolidated financial results for the nine months recorded net sales of 1,903.6 billion yen, down 18.3% compared to the same period last year, due mainly to a significant price drop for products and devices, including LCD color TVs and solar cells, and a sharp hike in the yen. Operating income was 9.1 billion yen, down 86.3%. We recorded a net loss of 213.5 billion yen, due mainly to an increase in deferred tax expenses owing to the review of deferred tax assets that reflect tax reform and financial results forecast, as well as the loss on suspension of large-size LCD plant operation and restructuring charges.

Operating results by product group for the nine months are as follows:

Consumer/Information Products

Sales of Audio-Visual and Communication Equipment were 850.9 billion yen, down 25.4% from the same period last year. Sales of LCD TVs fell below the same period last year. This was due mainly to price declines and sharply decreased demand in Japan following the end of analog TV broadcasting, despite healthy growth both on a monetary and a unit basis overseas, especially in North America, from the strategy to focus on large-size models 60 inches and larger. Mobile phone sales also declined, due mainly to maturation of the Japanese market and the severe competition with overseas manufacturers.

Sales of Health and Environmental Equipment were 220.4 billion yen, up 9.5%. This was due mainly to sales increases of LED lights, reflecting a rise in the awareness of energy saving, air purifiers and washing machines.

Sales of Information Equipment were 202.2 billion yen, on a par with the same period last year.

As a result, sales of these three product groups comprising Consumer/Information Products were 1,273.6 billion yen, down 17.5%.

Electronic Components

Sales of LCDs were 339.8 billion yen, down 24.9% from the same period last year. This was due mainly to a production adjustment at large-size LCD plants in the first quarter, and decreased sales of LCDs for TVs to outside customers.

Sales of Solar Cells were 159.4 billion yen, down 21.7%. This was due mainly to sluggish demand in Europe, as well as intensified competition and ongoing price declines in Japan.

Sales of Other Electronic Devices were 130.7 billion yen, on a par with the same period last year.

As a result, sales of these three product groups comprising Electronic Components were 630.0 billion yen, down 19.9%.

(2) Qualitative Information Regarding Consolidated Financial Position

Total assets as of December 31, 2011 were 2,670.8 billion yen, down 214.8 billion yen from March 31, 2011. This was due mainly to a decrease in capital investment. Total liabilities were 1,875.1 billion yen, up 38.1 billion yen. This was due mainly to an increase in commercial papers. Total net assets were 795.6 billion yen, down 252.9 billion yen. This was due mainly to a decrease in retained earnings.

(3) Qualitative Information Regarding Forecast of Consolidated Financial Results

We have made revisions to the forecast of financial results for the year ending March 31, 2012, announced on October 27, 2011. For detailed information regarding the forecast, please refer to “Notice of Revision of Financial Results Forecast and Dividend Forecast”.

Note: The estimates of financial results are based on certain assumptions that the Sharp Group deemed reasonable at the time they were prepared, and actual operating results may differ significantly from these estimates. The factors that may influence the figures for final reported business results include, but are not limited to:

- The economic situation in which the Sharp Group operates
- Sudden, rapid fluctuations in demand for products and services, as well as intense price competition
- Changes in exchange rates (particularly between the yen and the U.S. dollar, the euro and other currencies)
- Regulations such as trade restrictions in other countries
- Litigation and other legal proceedings against the Sharp Group
- Rapid technological changes in products and services, etc.

2. Summary Information

(1) Changes in significant consolidated subsidiaries

(Changes in specified subsidiaries involving changes in scope of consolidation)

None

(2) Adoption of special accounting methods for preparation of quarterly financial statements

None

(3) Changes in accounting policies and accounting estimates, and restatement

None

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen

	As of March 31, 2011	As of December 31, 2011
ASSETS		
Current Assets:		
Cash, time deposits, and short-term investments	247,888	192,099
Notes and accounts receivable, less allowance for doubtful receivables	574,696	495,025
Inventories	486,060	540,293
Other current assets	213,906	301,859
Total current assets	1,522,550	1,529,276
Plant and Equipment, Less Accumulated Depreciation	964,914	849,448
Investments and Other Assets	394,980	289,724
Deferred Assets	3,234	2,394
Total assets	2,885,678	2,670,842
LIABILITIES		
Current Liabilities:		
Short-term borrowings, including current portion of long-term debt	287,330	493,346
Notes and accounts payable	602,081	472,122
Other current liabilities	356,502	336,190
Total current liabilities	1,245,913	1,301,658
Long-term Liabilities	591,120	573,519
Total liabilities	1,837,033	1,875,177
NET ASSETS		
Owners' Equity:		
Common stock	204,676	204,676
Capital surplus	268,530	268,529
Retained earnings	648,935	422,512
Less cost of treasury stock	(13,863)	(13,873)
Total owners' equity	1,108,278	881,844
Accumulated Other Comprehensive Income:		
Net unrealized holding gains (losses) on securities	5,915	1,768
Deferred gains (losses) on hedges	(1,028)	450
Foreign currency translation adjustments	(85,317)	(105,143)
Pension liability adjustment of foreign subsidiaries	(1,815)	(1,695)
Total accumulated other comprehensive income	(82,245)	(104,620)
Minority Interests	22,612	18,441
Total net assets	1,048,645	795,665
Total liabilities and net assets	2,885,678	2,670,842

(2) Consolidated Statements of Income / Consolidated Statements of Comprehensive Income
- Consolidated Statements of Income

Millions of Yen

	Nine Months Ended December 31, 2010	Nine Months Ended December 31, 2011
Net Sales	2,329,401	1,903,677
Cost of Sales	1,895,383	1,560,343
Gross profit	434,018	343,334
Selling, General and Administrative Expenses	367,508	334,197
Operating income	66,510	9,137
Other Income (Expenses)		
Interest income	1,538	1,067
Rent income on noncurrent assets	9,249	7,136
Gain on sales of noncurrent assets	104	1,963
Interest expense	(5,675)	(6,355)
Interest on commercial papers	(233)	(273)
Loss on sales and retirement of noncurrent assets	(4,660)	(2,493)
Loss on impairment of investment securities	0	(3,821)
Loss on suspension of large-size LCD plant operation	-	(25,887)
Restructuring charges	(5,705)	(29,925)
Settlement package	-	(18,842)
Other, net	(24,769)	(13,630)
	(30,151)	(91,060)
Income (loss) before income taxes and minority interests	36,359	(81,923)
Income Taxes		
Current	18,748	14,066
Deferred	(6,229)	115,294
	12,519	129,360
Income (loss) before minority interests	23,840	(211,283)
Minority Interests in Income of Consolidated Subsidiaries	(2,013)	(2,218)
Net income (loss)	21,827	(213,501)

- Consolidated Statements of Comprehensive Income

Millions of Yen

	Nine Months Ended December 31, 2010	Nine Months Ended December 31, 2011
Income (Loss) Before Minority Interests	23,840	(211,283)
Other Comprehensive Income:		
Net unrealized holding gains (losses) on securities	(1,843)	(4,359)
Deferred gains (losses) on hedges	528	1,475
Foreign currency translation adjustments	(26,567)	(20,475)
Pension liability adjustment of foreign subsidiaries	164	120
Share of other comprehensive income of affiliates accounted for using equity method	(158)	70
Total other comprehensive income	(27,876)	(23,169)
Comprehensive Income	(4,036)	(234,452)
Comprehensive income attributable to:		
Owners of the parent	(5,142)	(236,093)
Minority interests	1,106	1,641

(3) Going Concern Assumption

None

(4) Segment Information

[Information by business segment]

1 Nine Months Ended December 31, 2010

Information regarding sales and income by reportable segment

Millions of Yen

Net Sales	
Consumer/Information Products	
Customers	1,543,182
Intersegment	455
Total	1,543,637
Electronic Components	
Customers	786,219
Intersegment	405,600
Total	1,191,819
Adjustments	(406,055)
The amount presented in Consolidated Statements of Income	2,329,401
Segment Income	
Consumer/Information Products	65,644
Electronic Components	20,149
Adjustments*1	(19,283)
The amount presented in Consolidated Statements of Income*2	66,510

Notes 1. Adjustments of segment income of (19,283) million yen include elimination of intersegment transactions of 2,540 million yen and corporate expenses not allocated to each reportable segment of (22,529) million yen. Corporate expenses are mainly attributable to basic R&D expenses and expenses related to parent company's functional groups.

2. Adjustments were made to reconcile segment income to operating income presented in Consolidated Statements of Income.

2 Nine Months Ended December 31, 2011

Information regarding sales and income (loss) by reportable segment

Millions of Yen

Net Sales	
Consumer/Information Products	
Customers	1,273,616
Intersegment	382
Total	1,273,998
Electronic Components	
Customers	630,061
Intersegment	287,680
Total	917,741
Adjustments	(288,062)
The amount presented in Consolidated Statements of Income	1,903,677
Segment Income (Loss)	
Consumer/Information Products	55,879
Electronic Components	(20,408)
Adjustments*1	(26,334)
The amount presented in Consolidated Statements of Income*2	9,137

Notes 1. Adjustments of segment income of (26,334) million yen include elimination of intersegment transactions of 2,055 million yen and corporate expenses not allocated to each reportable segment of (25,975) million yen. Corporate expenses are mainly attributable to basic R&D expenses and expenses related to parent company's functional groups.

2. Adjustments were made to reconcile segment income to operating income presented in Consolidated Statements of Income.

(5) Significant Changes in Owners' Equity

None

4. Supplementary Data

(1) Consolidated Sales by Product Group

Millions of Yen

	Nine Months Ended December 31, 2010		Nine Months Ended December 31, 2011		Increase Decrease	Percent Change
	Amount	Ratio	Amount	Ratio		
		%		%		%
Audio - Visual and Communication Equipment	1,141,010	49.0	850,911	44.7	- 290,099	-25.4
Health and Environmental Equipment	201,225	8.6	220,431	11.6	+ 19,206	+9.5
Information Equipment	200,947	8.6	202,274	10.6	+ 1,327	+0.7
Consumer/Information Products	1,543,182	66.2	1,273,616	66.9	- 269,566	-17.5
LCDs	452,506	19.5	339,884	17.8	- 112,622	-24.9
Solar Cells	203,510	8.7	159,446	8.4	- 44,064	-21.7
Other Electronic Devices	130,203	5.6	130,731	6.9	+ 528	+0.4
Electronic Components	786,219	33.8	630,061	33.1	- 156,158	-19.9
Total	2,329,401	100.0	1,903,677	100.0	- 425,724	-18.3
Domestic	1,261,620	54.2	935,089	49.1	- 326,531	-25.9
Overseas	1,067,781	45.8	968,588	50.9	- 99,193	-9.3

Note: The above figures indicate sales to outside customers.

(2) Information by Product Group

The breakdown of the reportable segments, which consist of Consumer/Information Products and Electronic Components, is presented for reference. Sales of each product group include internal sales between segments (Consumer/Information Products and Electronic Components).

〈Net Sales〉

Millions of Yen

	Nine Months Ended December 31, 2010		Nine Months Ended December 31, 2011		Percent Change
	Amount	Ratio	Amount	Ratio	
		%		%	%
Audio - Visual and Communication Equipment	1,141,410	49.0	851,203	44.7	-25.4
Health and Environmental Equipment	201,252	8.7	220,491	11.6	+9.6
Information Equipment	200,975	8.6	202,304	10.6	+0.7
Consumer/Information Products	1,543,637	66.3	1,273,998	66.9	-17.5
LCDs	782,527	33.6	583,032	30.6	-25.5
Solar Cells	203,538	8.8	159,474	8.4	-21.6
Other Electronic Devices	205,754	8.8	175,235	9.2	-14.8
Electronic Components	1,191,819	51.2	917,741	48.2	-23.0
Sub Total	2,735,456	117.5	2,191,739	115.1	-19.9
Adjustments	(406,055)	-17.5	(288,062)	-15.1	-
Total	2,329,401	100.0	1,903,677	100.0	-18.3

〈Operating Income〉

Millions of Yen

	Nine Months Ended December 31, 2010		Nine Months Ended December 31, 2011		Percent Change
	Amount	Ratio	Amount	Ratio	
		%		%	%
Audio - Visual and Communication Equipment	36,806	55.3	11,377	124.5	-69.1
Health and Environmental Equipment	14,506	21.8	23,621	258.5	+62.8
Information Equipment	14,332	21.6	20,881	228.6	+45.7
Consumer/Information Products	65,644	98.7	55,879	611.6	-14.9
LCDs	6,008	9.0	(13,736)	-150.4	-
Solar Cells	4,403	6.6	(14,758)	-161.5	-
Other Electronic Devices	9,738	14.7	8,086	88.5	-17.0
Electronic Components	20,149	30.3	(20,408)	-223.4	-
Sub Total	85,793	129.0	35,471	388.2	-58.7
Adjustments	(19,283)	-29.0	(26,334)	-288.2	-
Total	66,510	100.0	9,137	100.0	-86.3